

Department of the Navy Naval Audit Service



Strategic Plan

Fiscal Years 2017-2021

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About the Naval Audit Service

Mission

To provide independent and objective audit services and products to assist Department of the Navy leadership in assessing risk to improve efficiency, accountability, and program effectiveness

Vision

To be a highly-respected audit organization comprised of engaged professionals delivering high quality, results-oriented, independent, internal audit services and products that benefit Sailors and Marines, Department of the Navy civilians, and American taxpayers by improving operations, increasing efficiency, and reducing risk

Core Values

*Our commitment to **accountability, excellence, integrity, and trust** is the foundation of our success. We strive to provide reliable services that result in timely, relevant, fair, balanced, and credible products. We support the highest standards of excellence, honesty, and professionalism in our workforce to earn the trust of all stakeholders, sponsors, customers, and our workforce. We treat all with respect, dignity, and fairness, and highly value teamwork and open communication.*

Core Values
Accountability
Excellence
Integrity
Trust

About the Naval Audit Service *(continued)*

Statutory Responsibilities

Internal audit in the Department of the Navy dates back to 1952, and the Naval Audit Service was officially established in February 1966, created as a field activity under the command and support of the Deputy Comptroller of the Navy. With implementation of the Goldwater-Nichols Reorganization Act of 1986, the Naval Audit Service was placed under the sole jurisdiction of the Secretary of the Navy. Through subsequent Secretary of the Navy instructions, the Auditor General of the Navy was made the senior Department of the Navy advisor and assistant to the Secretary and Under Secretary of the Navy on all audit-related matters, and was given overall responsibility for the Naval Audit Service. The Auditor General establishes policy and procedures for internal auditing throughout the Department of the Navy and oversees all internal audits performed by the Department.

The Naval Audit Service is comprised of highly-skilled, talented, diverse, high-performing civilian professionals, many with advanced degrees and certifications. The Naval Audit Service staff of approximately 330 (though authorized for approximately 380) work within several audit teams, as well as in operations and support functions such as policy and oversight, corporate planning, data analysis, information technology, workforce management, and resources management. For more information on our workforce, please see Appendix, Naval Audit Service Workforce.

The Naval Audit Service is headquartered at the Washington Navy Yard in Washington, DC and has field offices in Norfolk, VA and San Diego, CA.

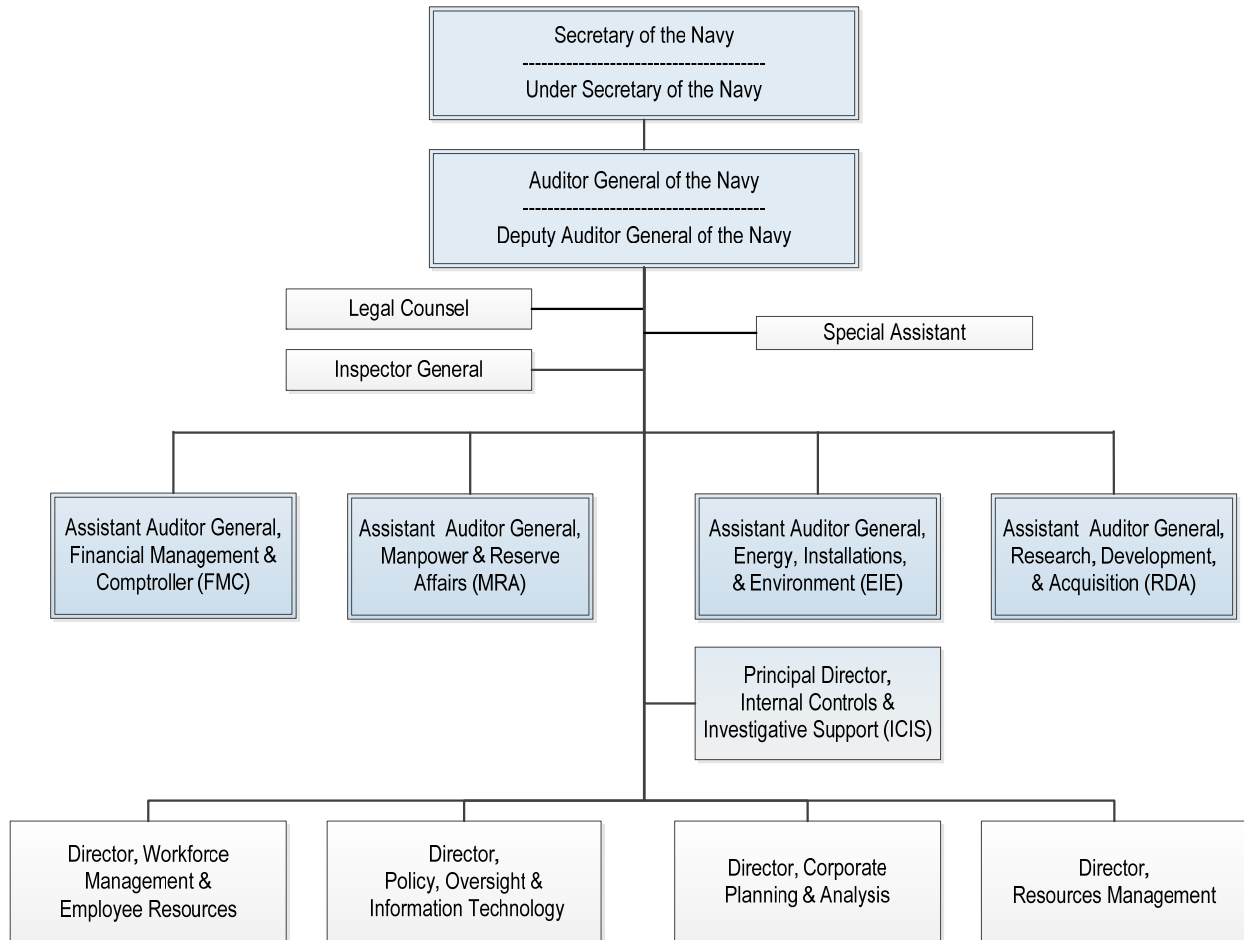


*Auditors from the Financial Management and Comptroller Directorate
(Washington Navy Yard Office)*

About the Naval Audit Service *(continued)*

Organizational Structure

The Naval Audit Service is led by the Auditor General of the Navy. The Auditor General serves as the principal advisor to the Secretary of the Navy, Chief of Naval Operations, and Commandant of the Marine Corps on all audit-related matters. The Auditor General is assisted by the Deputy Auditor General, four Assistant Auditors General, and one Principal Director, as shown in the organizational chart below:



Naval Audit Service Strategic Goals - Overview

The Naval Audit Service aims to provide assurance to the Department of the Navy leadership by providing timely products of recognizable value while maintaining a highly professional, competent, ethical, and diverse workforce. To maximize our productivity in times of resource constraints, we must continue to explore ways to accomplish our mission more effectively and efficiently. To accomplish this, the Naval Audit Service has established three strategic goals, which will help the agency achieve its mission and vision.

Goal 1

Develop and implement an effective Human Capital Strategy where people are the Naval Audit Service's most important asset.

Goal 2

Be a flexible and responsive organization working with Naval leadership to manage and reduce risk by providing value-added audit services and products.

Goal 3

Evaluate and reform business and administrative processes to accomplish our mission and improve overall operational effectiveness.

The specifics of these goals, as well as the objectives and strategies for achieving them, are detailed on the following pages.

Naval Audit Service Strategic Goal 1

Goal 1: Develop and implement an effective Human Capital Strategy where people are the Naval Audit Service's most important asset.

The Naval Audit Service realizes that our most important resource is our engaged, trained, skilled, innovative, and experienced workforce. The intent of this goal is to ensure that the Naval Audit Service provides proper human capital pathways to ensure we develop and maintain a professional, capable, competent, and engaged workforce.

The Naval Audit Service also recognizes that we face significant human capital challenges. We will begin development of the Naval Audit Service Human Capital Strategy to address workforce challenges. The objectives listed below will be represented and developed more fully in the Naval Audit Service Human Capital Strategy.

Objective	Strategy
Objective 1: Recruit, Hire, and Retain the Best Qualified Individuals.	<ul style="list-style-type: none">a. Develop a targeted recruiting and retention strategy to ensure that the workforce has the proper mix of skills, experience, and diversity.b. Analyze recruiting efforts, identify strengths and weaknesses, and implement opportunities to improve recruitment and retention strategies.
Objective 2: Train, Develop, and Reward the Workforce.	<ul style="list-style-type: none">a. Continually re-evaluate the core training curriculum for all positions, and make appropriate changes to enhance skills of the workforce.b. Create a leadership development plan that includes effective succession planning.c. Ensure that the Naval Audit Service financial management workforce (employees in the 0500 series) meet the Department of Defense Financial Management Certification Program requirements necessary for their positions.d. Ensure that employees receive a variety of audit and developmental experiences (i.e., mentoring, Toastmasters, leadership programs) that prepare them to succeed in the auditing profession.

Naval Audit Service Strategic Goal 1 *(continued)*

Objective	Strategy
<i>Objective 2: Train, Develop, and Reward the Workforce (continued).</i>	<ul style="list-style-type: none"> e. Continually review and benchmark accession and retention rates to determine resource gaps. f. Encourage Naval Audit Service staff to participate in professional organizations and hold professional certifications and graduate degrees. g. Make effective use of recognition tools (e.g., AUDGEN Awards for Exemplary Service, bonuses, time-off awards, Special Act Awards, and letters of commendation) throughout the rating period to encourage the best possible performance from employees and reward them for their contributions.
Objective 3: Support Programs and Policies that Allow Employees to Balance Work-Life Issues.	<ul style="list-style-type: none"> a. Through the Employee Advisory Council, assess the availability, feasibility, and/or effectiveness of work-life balance initiatives (e.g., Alternative Work Schedules, telework, employee assistance programs, health promotion programs, etc.).



Auditors from the Financial Management and Comptroller Directorate (San Diego Office)

Naval Audit Service Strategic Goal 2

Goal 2: Be a flexible and responsive organization working with Naval leadership to manage and reduce risk by providing audit services and products.

The concentration of this strategic goal is to enhance our customer focus, efficiency, and flexibility. To achieve this goal, it is critical that we develop an annual audit plan that directly ties to Department of the Navy goals and objectives, risks identified by Department senior leaders, and other high-priority issue areas identified by our customers. Focusing on audit areas identified through these methods will allow us to maximize our return-on-investment by providing audit results that help leaders make informed decisions on high-priority issues. We can further enhance our value by developing and maintaining communication channels with our customers to foster a collaborative, productive working relationship that results in timely, valuable, actionable audit services. These services are reliable and credible because our review methods are careful, disciplined, and methodic. Strict controls and formal procedures ensure that our findings and conclusions are well supported.

Objective	Strategy
Objective 1: Develop and Execute the Annual Audit Plan Based Primarily on the Annual Department of the Navy Risk and Opportunity Assessment and Senior Leader Concerns.	<ul style="list-style-type: none">a. Conduct outreach meetings with Department of the Navy senior leaders, both civilian and military, to identify areas of concern, and incorporate those areas, as appropriate, into the Department of the Navy Oversight Plan.b. Directly link a majority of audits in the Department of the Navy Oversight Plan to Department of the Navy senior leader concerns and/or risks identified in the Department of the Navy Risk and Opportunity Assessment.c. Provide personnel and information technology resources to support the development of the Department of the Navy Risk and Opportunity Assessment.
Objective 2: Be Responsive to High-Risk Vulnerabilities and Emergent Requirements.	<ul style="list-style-type: none">a. Continue to collaborate with Department of the Navy senior leaders after audit plan development to identify audit requirements and/or risks that have emerged since formulation of the Department of the Navy Oversight Plan.b. Keep Department of the Navy senior leaders informed of areas that may warrant additional oversight based on the experience and knowledge gained from completed audits.

Naval Audit Service Strategic Goal 2 *(continued)*

Objective	Strategy
<i>Objective 2: Be Responsive to High-Risk Vulnerabilities and Emergent Requirements (continued).</i>	<ul style="list-style-type: none"> c. Demonstrate flexibility by addressing high-priority emergent audit requirements as they arise. d. Continue to focus on fraud deterrence and detection by coordinating and collaborating with the Naval Criminal Investigative Service and the Office of the Naval Inspector General. e. Continue to provide an annual opinion on the Department's internal controls as presented in the Department of the Navy Annual Statement of Assurance to assist the Department in implementing effective internal controls, and help the Department identify, track, and mitigate its systemic material weaknesses. f. Find innovative techniques, such as advisory, trend, and summary reports; audit results briefings; articles; and communications through command audit liaisons, to leverage results of audits identifying systemic internal control weaknesses throughout the Department of the Navy.
Objective 3: Support the Department of the Navy Financial Improvement and Audit Readiness Efforts.	<ul style="list-style-type: none"> a. Complete audit and attestation engagements, as needed, to assist the Department of the Navy in obtaining an unqualified opinion on its financial statements and other non-financial management representations. b. Support the Department of the Navy Financial Improvement Program by leveraging the results of program audits with regard to data accountability and control to enhance the ability for Department of the Navy programs to achieve an auditable state.

Naval Audit Service Strategic Goal 2 *(continued)*

Objective	Strategy
Objective 4: Maintain an External Communication and Marketing Strategy.	<ul style="list-style-type: none">a. Maintain and enhance policies, procedures, and controls to ensure that Naval Audit Service personnel continually collaborate with senior Department of the Navy leaders throughout all phases of the audit process.b. Communicate audit results in a timely manner to enable program improvement by our sponsors, stakeholders, and customers.c. Achieve an overall average customer satisfaction rating of 4.0 (on a scale of 1.0 - 5.0) or higher on our customer satisfaction surveys.d. Continue participation by Naval Audit Service senior leaders in professionally-related speaking/instruction engagements as requested.



Auditors from the Manpower and Reserve Affairs Directorate

Naval Audit Service Strategic Goal 3

Goal 3: Evaluate and reform business and administrative processes to accomplish our mission and improve overall operational effectiveness.

The Naval Audit Service will continue to focus on selecting the most appropriate methodologies for producing the products and services our sponsors, stakeholders, and customers desire or need. Making reinvention a permanent part of our organizational culture demonstrates our resolve to continually improve our organization. The application of new technology and tools will increase our ability to deliver our audit services faster and more cost effectively, and increase knowledge sharing. We recognize that we must use state-of-the art technologies to make even greater improvements in our operations and take care of our people.

Objective	Strategy
Objective 1: Improve the Effectiveness of the Audit Process by Assessing the Outcomes of Audits and Using Lessons Learned from Quality Assurance and Peer Reviews So We may Better Meet Sponsor, Stakeholder, and Customer Expectations, and Government Auditing Standards.	<ul style="list-style-type: none">a. Continue to receive ratings of “pass” on all external peer reviews in accordance with Generally Accepted Government Auditing Standards.b. Perform at least six internal Quality Control Reviews during each 3-year peer review cycle.c. Hold ourselves to the same standards as those we audit by ensuring our own operations are efficient, effective, and compliant with laws and regulations.
Objective 2: Integrate Information Technology to Improve the Overall Effectiveness and Efficiency of Operations and Allow Our Employees Easy Access to Information.	<ul style="list-style-type: none">a. Annually review and make necessary changes to improve the effectiveness of work paper and information technology software.b. Continually provide information technology training for employees to enhance proficiency in various audit execution and project management tools.c. Ensure the Naval Audit Service Web site and Intranet are continually updated with the most current information available.

Areas of Responsibility for Achieving Goals and Objectives

Goal	Objective	Page	Responsibilities	
			Accountable Official	Supporting Official
1: Develop and implement an effective Human Capital Strategy where people are the Naval Audit Service's most important asset.	1(a)	5	Deputy Auditor General	Director, Workforce Management & Employee Resources
	1(b)	5		
	2(a)	5		
	2(b)	5		
	2(c)	5		
	2(d)	5		
	2(e)	6		
	2(f)	6	Deputy Auditor General/ Assistant Auditors General	
	2(g)	6		
	3(a)	6	Deputy Auditor General	
2: Be a flexible and responsive organization working with Naval leadership to manage and reduce risk by providing value-added audit services and products.	1(a)	7	Assistant Auditors General/Principal Director	Director, Corporate Planning & Analysis
	1(b)	7		
	1(c)	7		
	2(a)	7	Assistant Auditors General/Principal Director	
	2(b)	7		
	2(c)	8		
	2(d)	8	Principal Director (Internal Controls & Investigative Support)	
	2(e)	8		
	2(f)	8	Assistant Auditors General/Principal Director	
	3(a)	8	Assistant Auditor General (Financial Management & Comptroller)	
	3(b)	8		
	4(a)	9	Assistant Auditors General/Principal Director	
	4(b)	9		
	4(c)	9		
	4(d)	9		

Areas of Responsibility for Achieving Goals and Objectives *(continued)*

Goal	Objective	Page	Responsibilities	
			Accountable Official	Supporting Official
3: Evaluate and reform business and administrative processes to accomplish our mission and improve overall operational effectiveness.	1(a)	10	Assistant Auditors General/Principal Director	Director, Policy, Oversight & Information Technology
	1(b)	10		
	1(c)	10		
	2(a)	10	Deputy Auditor General	Director, Policy, Oversight & Information Technology
	2(b)	10	Deputy Auditor General	Director, Policy, Oversight & Information Technology
	2(c)	10	Deputy Auditor General	Director, Policy, Oversight & Information Technology



Auditors from the Energy, Installations, and Environment Directorate (Norfolk Office)

Naval Audit Service Services and Products Provided to Stakeholders and Customers

Services

- Analyze processes and operations objectively and independently
- Assess risk
- Identify opportunities for management improvement
- Discover funds that can be put to better use
- Recommend effective internal controls
- Provide audit assistance to the Naval Criminal Investigative Service, Naval Inspector General, and other Department of the Navy organizations
- Provide subject matter expertise

Products

- Audit Reports
- Attestation Reports
- Naval Criminal Investigative Service Assist Reports
- Department of the Navy Oversight Plan, including the Department of the Navy Risk and Opportunity Assessment and Naval Audit Service Annual Audit Plan



*Auditors at an Underground
Fuel Storage Facility*



Auditors at a Naval Hospital

Contact List

Title	Phone Number
Auditor General of the Navy	202.433.5525
Deputy Auditor General of the Navy	202.433.5525
Assistant Auditor General for Financial Management and Comptroller Audits	202.433.5131
Assistant Auditor General for Manpower and Reserve Affairs Audits	202.433.6900
Assistant Auditor General for Energy, Installations, and Environment Audits	202.433.5551
Assistant Auditor General for Research, Development and Acquisition Audits	202.433.6020
Principal Director for Internal Controls and Investigative Support Audits	202.433.6250
To obtain copies of Naval Audit Service reports	202.433.0687 NAVAUDSVC.FOIA@navy.mil
To suggest ideas for or to request future audits	202.433.5840 NAVAUDSVC.AuditPlan@navy.mil

Appendix: Naval Audit Service Workforce

The Naval Audit Service has approximately 330 (although authorized for 380) staff that work within audit teams functionally aligned with the Department of the Navy structure, as well as in mission support and staff offices. Approximately 80 percent of the staff works in Washington, DC at the Naval Audit Service headquarters; the remaining 20 percent work in one of two Naval Audit Service field offices - Norfolk, VA and San Diego, CA.

Naval Audit Service staff hold degrees in various academic disciplines, including accounting, finance, mathematics, business administration, public administration, political science, computer science, English, and psychology. In 2016, approximately 25 percent of the staff held at least one advanced degree. Additionally, approximately 75 percent of the staff is professionally certified, with several employees holding more than one certification. These certifications include: Certified Public Accountant, Certified Internal Auditor, Certified Fraud Examiner, Certified Internal Controls Auditor, and Certified Defense Financial Manager.

Table 1 provides additional information on the Naval Audit Service workforce.¹

Table 1: Workforce Demographics

Workforce	% of Staff
Male	45%
Female	55%
Staff with less than 5 years at Naval Audit Service	10%
Staff eligible to retire within 12 months	13%
Representation of minorities	58%



Left: Auditors conducting an audit in Djibouti, Africa

Right: Auditors receiving an award from the American Society of Military Comptrollers



¹ The *Government Accountability Office's Human Capital Strategic Plan 2013-2015* was used as a model for determining which workforce demographics to report.